



Inland Revenue Department

Guide to

Tax Return-Individuals

(BIR60)

(4/2011)

This Guide explains how to complete the Tax Return - Individuals (BIR60). Most of your questions will be answered here. If you need other information or assistance, you may:

- visit www.ird.gov.hk. The related information is available under 'Tax Information : Individuals'
- use the 'Fax-A-Form' Service to obtain Related Tax Rules, Proforma Profits Tax Computation Form [IR957A(e)], Specimens of completed Tax Return - Individuals and other forms. Please call 2598 6001, select the language and then press '0' to get the index first
- mail (G.P.O. Box 132, Hong Kong) or fax (2877 1232) your written enquiries to the Assessor, quoting your file number and day-time contact telephone number
- telephone 187 8022 during the service hours (Service hours - Monday to Friday 8:15 a.m. to 12:30 p.m. ; 1:30 p.m. to 5:30 p.m. except Public Holidays)
- call at the Central Enquiry Counter at 1/F of the Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong

For information on submission of tax return through the Internet, please visit www.gov.hk/etax.

Please retain this Guide. You may need to refer to it again when you receive your tax assessment. You should also keep a copy of the completed tax return for reference.

本指南的中文版可在 www.ird.gov.hk 下載，或使用「表格傳真服務」(2598 6001)索取，你亦可致電 187 8022查詢。

You may get a copy of the Chinese version of this Guide from www.ird.gov.hk or through the 'Fax-A-Form' Service (2598 6001). For further enquiry, please call 187 8022.

(A) Personal Information Collection Statement

- The information provided by you will be used for purposes relating to the administration of tax laws in this Department.
- This Department may give some of the information to other parties authorized by law to receive it.
- Except where there is an exemption provided under the Personal Data (Privacy) Ordinance, you have the right to request access to and correction of your personal data.
- A request for access to and correction of your personal data should be addressed to the Assessor (G.P.O. Box 132, Hong Kong). Please also quote your file number in this Department.

(B) Forms and Documents to be Submitted

- This tax return consists of the BIR60 and the Appendix to BIR60. You should complete and sign the BIR60 and the Appendix to BIR60 (if applicable) and submit it to the Department within the time limit stipulated in the return whether you have income chargeable to tax or not.
- If space provided on the tax return or its appendix is insufficient, please give the details on a separate sheet of paper and **make a remark about this on the return or appendix**. Staple the sheet inside the return and put your file number and signature at the bottom of the sheet.
- Documentary evidence in support of your deduction or allowance claims **need not** be submitted now but should be retained for a period of **6 years** after the expiration of the relevant year of assessment. You may be required to provide such evidence in the event that your case is subsequently selected for review. However, if you claim exemption under section 8(1A)(c) of the Inland Revenue Ordinance / relief under any Comprehensive Double Taxation Arrangement, supporting documents **should be** submitted with the return.

(C) Guidance on General Matters

- Whenever a name is required in the return, it must be stated exactly as shown on the Hong Kong Identity Card (I.C.). For any person without an I.C., the name should be the same as that either in the passport or the Birth Certificate.
- The term ‘year’ refers to the year of assessment printed on the front page of the return. A year of assessment runs from 1 April to 31 March, e.g. Year of Assessment **2011/12** runs from **1 April 2011 to 31 March 2012**.
- To rectify any errors or omissions in your return after submission, please notify this Department in writing as soon as possible. Please state your name, file number, the relevant year of assessment, details of your amendments and sign your notification.
- This return should be completed in blue or black ink.
- All amounts must be shown in HK dollars (excluding cents).

(D) How to Complete the Return

Part 1 Personal Particulars

This part **must be** completed.

- ‘Spouse’ means your lawful husband or wife under a valid marriage recognized by Hong Kong law or other legal marriage recognized by the law of the place where it was entered into.
- If you or your spouse does not have a Hong Kong IdentityCard (I.C.) now, but subsequently gets an I.C., please inform this Department of the I.C. Number **within 1month**.
- If you change your postal address or marital status after lodging your return, you should inform the Department immediately in writing.

Part 2 Notification

- If the items listed are applicable, tick the appropriate boxes to indicate 'Yes'. Please also complete the relevant parts in the Appendix. After you have filed your return, if there is any change of appointment of authorized representative, you should inform the Department immediately in writing.
- You need to tick box **3** to indicate the appointment of an authorized representative, whether it is an existing or new appointment.

Part 3 Property Tax

- Only details of properties which you were the **SOLE OWNER**, as registered in the Land Registry, and were **LET** during the year are to be reported in this part.
- The rental income from properties partly owned by you should not be reported here. Separate Property Tax Returns will be issued in respect of the partly-owned properties. If you have not received a Property Tax Return for any let property that is partly owned by you, please fill in Form IR6129 or inform the Department in writing. You may get this form from our web site or the 'Fax-A-Form' Service. Please refer to the front cover for more information.
- The property location should be the full address as registered in the Land Registry.
- The rental income in item (3) should be the gross rental income for the whole letting period in the year, not monthly rental.
- The deductions in item (4) include rates you agreed to pay and paid by you and irrecoverable rent. Other items like Government rent, management fee, renovation or refurbishment expenses, etc., are not deductible. (For Property Tax assessment, 20% of the assessable value will be deducted as a statutory allowance for repairs and outgoings.)
- If you had more than two **SOLELY-OWNED** properties let during the year, supply details of other properties in the same format on a separate sheet. Then enter the **TOTAL** no. of properties let, amount of the rates paid by you and irrecoverable rent and assessable value of all properties let in boxes **7**, **8** and **9** respectively.
- In case you are the executor of the estate of a deceased **SOLE OWNER** of properties, you should declare income from the properties owned by the deceased in the return issued to you in the capacity of the executor of the estate of the deceased owner, **not in your own return**.

Attention: Election for Personal Assessment may reduce your tax liability.

Part 4 Salaries Tax

- You should report income arising in or derived from Hong Kong which is received or receivable during the year. Income includes income from an office, employment (on a full-time, part-time or casual basis) or pension from a former employer.
- Even if full or partial tax exemption is claimed or relating back of lump sum is applied, the gross amount should be declared in box **22**. Fill in the amount to be excluded in box **26** and complete Section(s) 2, 3 and / or 4 of the Appendix.

4.1 Income Accrued to Me During the Year

- Income includes all income and perquisites from the employer or others. Award of shares and share option gain are chargeable income. For share option gain, the gain will be taxable when the option is exercised, assigned or released. Even if the option is exercised after you have left the employment, the gain is still taxable.
- Holiday journey benefits are taxable. The benefits are to be assessed by reference to the amount paid by the employer for such benefits.
- Please refer to 'Related Tax Rules' for types of income to be included, their definitions and / or computation methods. Please refer to the notes on the front cover of this Guide Book on how to obtain a copy of the rules.

• Example to show how Part 4.1 is to be completed

Details of income from Company A		Details of income from Company B	
Salary	\$75,000	Salary	\$180,000
Commission	10,000	Commission	4,000
Share awards (Note 1)	5,000	Share option gain (Note 2)	30,000
Cash Allowance	3,000	Income from an overseas company	120,000
Contract gratuity (Note 3) (1/7/2009 – 30/6/2011)	150,000	Salaries tax paid by employer	8,000
	<u>\$243,000</u>	Bonus	<u>2,500</u>
			<u>\$344,500</u>

(Note 1) Share Awards

Company A granted the employee 2,000 shares on 5/5/2011 as a part of the employee's remuneration. On this date, the market value was \$2.5 per share.

Calculation of taxable amount in year 2011/12: $\$2.5 \times 2,000 = \$5,000$

(Note 2) Share Option Gain

On 15/7/2011, Company B granted an option to the employee to purchase 1,000 shares in Company B at an exercise price of \$100 per share. The employee had 3 years to exercise the option. On 5/8/2011, the employee exercised his option to purchase 600 shares. The market price on this date was \$150 per share. On 25/5/2012, he exercised his option again to purchase 400 shares. The market price on this date was \$160 per share.

Calculation of taxable amount in year 2011/12: $\$(150 - 100) \times 600 = \$30,000$

Calculation of taxable amount in year 2012/13: $\$(160 - 100) \times 400 = \$24,000$

(Note 3) Relating Back of Contract Gratuity

The contract gratuity \$150,000 was received for the contract period of 24 months from 1/7/2009 to 30/6/2011.

Calculation of taxable amount in year 2011/12: $\$150,000 \times 3/24 = \$18,750$

Calculation of taxable amount to be related back to years:

2009/10: $\$150,000 \times 9/24 = \$56,250$; 2010/11: $\$150,000 \times 12/24 = \$75,000$

State all employers from which you derived income chargeable to tax during the year, including part-time jobs. (Do not include any business(es) in which you or your spouse is the proprietor / partner).

Enter your gross income before contributions to MPF scheme or ORSO scheme from each employer. Exclude non-taxable termination payments which the employer paid to you in accordance with the Employment Ordinance.

4.1 INCOME accrued to me during the year (Exclude amount reported in Part 4.2)

(1)	Name of employer	Capacity employed	Period	Total amount (\$)
	Company A	Manager	1.4.2011 – 30.6.2011	243,000
	Company B	Senior Manager	1.7.2011 – 31.3.2012	344,500
	Pension			
Grand total (The income items in boxes 23, 24 and 25 below have been included) →				\$ 587,500
(i) share option gain		(ii) lump sum payments (received on retirement / termination of employment contracts, deferred pay or arrears of pay)		(iii) commission income
\$ 3,000		\$ 18,750		\$ 14,000
(2) Amount to be excluded from the grandtotal by reason of relating back of the amount in box 24 and / or exemption of income				\$ 137,250
(Must also complete Section(s) 2, 3 and / or 4 of the Appendix if the above item (2) is applicable.)				
(3) I received income from an overseas company for my employment or services rendered in Hong Kong.				No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 27
(4) My employer(s) paid Salaries Tax for me.				No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 28

This box MUST be completed.

If you had received any of these items of income during the year, enter the amounts in the appropriate boxes. The amounts should also be included in box 22 of item (1) above. Full particulars of share option gain should be supplied on a separate sheet.

If you wish to claim exemption of income and / or relating back of a lump sum payment to an earlier period in respect of income reported in box 24, enter the amount here. Also complete the additional details in Section(s) 2, 3 and / or 4 of the Appendix. (Please refer to Page 11 of this Guide for details.)

Tick here if you had income from an overseas company in connection with your employment / assignment in Hong Kong or services rendered in Hong Kong. Otherwise, tick the 'No' box.

Tick here if your employer paid Salaries Tax on your behalf during the year. Otherwise, tick the 'No' box.

4.2 Place of Residence Provided by each employer or associated corporation during the year

- A place of residence provided to you by your employer or its associated corporation is chargeable to tax based on the 'rental value'. Rental value is calculated as a percentage of the total income from your employer and the associated corporation which provided the residence after deductions of the outgoings and expenses. The percentage used depends on the nature of the residence provided:

Nature of Residence	Percentage
House or flat, including serviced apartment	10
Hotel, hostel or boarding house accommodation – no more than 2 rooms	8
Hotel, hostel or boarding house accommodation – no more than 1 room	4

Examples to show calculation of value of place of residence provided by your employer for the full year:

Period provided: 1/4/2011 to 31/3/2012	Scenario 1	Scenario 2
Income for the year	\$810,000	\$3,010,000
Rent paid by your employer to landlord	\$240,000	–
Rent paid by you to the landlord	–	\$360,000
Rent paid by you to your employer	\$36,000	–
Rent refunded to you by your employer	–	\$300,000
Deductible outgoings and expenses	\$10,000	\$10,000
Rateable value per Demand for Rates	\$166,000	\$280,000
Rateable value of place of residence provided	<u>\$130,000</u>	<u>\$220,000</u>
(after deduction of rent paid or rent suffered, if any)		
Value of place of residence provided	<u>\$44,000</u>	<u>\$240,000</u>

♦ Scenario 1:

$$\begin{aligned} &\text{Value of place of residence provided} \\ &= \$ (810,000 - 10,000) \times 10\% - \$36,000 \\ &= \underline{\$44,000} \end{aligned}$$

Enter \$44,000 in box **29**.

Enter the details for each of the places of residence provided to you by your employer(s) or any associated corporation during the year.

4.2 PLACE OF RESIDENCE PROVIDED by each employer or associated corporation during the year				
Address	Nature (e.g. house/flat, serviced apartment, no. of rooms in hotel, etc.)	Period provided	Name of my EMPLOYER or ASSOCIATED CORPORATION providing residence	
<i>A1 Richard Gardens, Big Road, Hong Kong</i>	<i>Flat</i>	<i>1.4.2011 – 31.3.2012</i>	<i>Chan & Co Ltd</i>	
Rent paid by my EMPLOYER or ASSOCIATED CORPORATION to landlord (\$)	Rent paid by ME to landlord (\$)	Rent refunded to ME by my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rent paid by ME to my EMPLOYER or ASSOCIATED CORPORATION (\$)	Rateable value, if elected (\$)
<i>240,000</i>	–	–	<i>36,000</i>	–
Total value of ALL places of residence provided \$				
<input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="29"/>				

♦ Scenario 2:

$$\begin{aligned} &\text{Value of place of residence provided} \\ &= \$ (3,010,000 - 10,000) \times 10\% - \$ (360,000 - 300,000) \\ &= \underline{\$240,000} \end{aligned}$$

Enter \$220,000 in box **29**, since it is more advantageous to elect for rateable value.

- If the place of residence is provided for part of the year, the amounts in the calculation should be for the period provided. Adjust the rateable value proportionately if the place of residence was not provided for the full year and you have elected for rateable value.
- If the computed value of the places of residence provided by employers is in the negative, enter '0' in box **29**.

4.3 Deductions

- Outgoings and expenses are limited to those wholly, exclusively and necessarily incurred in the production of your assessable income, not being expenses of a domestic or private nature and capital expenditure.

(2) Expenses of self-education (box 31)

- Deductible education expenses include tuition and examination fees in connection with a prescribed course of education or fees of an examination set by specified education providers or trade, professional or business associations. The course or the examination must be for gaining or maintaining qualifications for use in any employment.
- A 'prescribed course of education' is one undertaken at specified education providers, such as university, college, school, technical institution, training centre, or a training or development course provided by a trade, professional or business association or one accredited or recognized by specified professional bodies or institutions.
- Deduction is only allowed if the expenses have not been or will not be reimbursed by the employer or any other person, unless the reimbursed or reimbursable amount has been or will be included in the assessable income. If the amount was reimbursed to you after it has been claimed or allowed for deduction, you should inform the Department immediately.
- The maximum amount that can be deducted is \$60,000. (For year of assessment 2006/07, the maximum amount is \$40,000.) You should retain the receipts for a period of 6 years after the expiration of the year of assessment in which the payments were made. You are required to produce receipts if your case is selected for review.

(3) Approved charitable donations (box 32)

- Donations must be in respect of those made to tax-exempt charities in Hong Kong or Government for charitable purposes and supported by receipts. List of tax-exempt charities is available at www.ird.gov.hk/eng/pdf/e_s88list_emb.pdf.
- The aggregate deduction of approved charitable donations must not be less than \$100 and shall not exceed 35% of your income after allowable expenses and depreciation allowances. (For years of assessment 2006/07 and 2007/08, the limit is 25%.)
- In support of your claim for deduction, you should ask for donation receipts issued by the tax-exempt charities or the Government and retain the receipts for a period of 6 years after the expiration of the year of assessment in which the donations were made. You are required to produce donation receipts if your case is selected for review.
- Enter TOTAL AMOUNT of approved charitable donations made during the year. Donations already claimed in your spouse's return should be excluded.

(4) Mandatory contributions to recognized retirement schemes in capacity of an employee (box 33)

- Enter the actual amount of contributions made to occupational retirement scheme or the amount of mandatory contributions paid by you as an employee to a Mandatory Provident Fund Scheme. The maximum amount that can be deducted is \$12,000.

Attention: See Section (B) on Page 1 on documentary evidence in support of your deduction claims made under this Part.

4.4 Election for Joint Assessment

- A married couple may elect to receive a joint assessment under Salaries Tax if they would pay less tax under a single assessment based on their combined income and allowances than under two separate assessments based on their respective individual incomes and allowances.
- There is no need for joint assessment election if your spouse did not have any income chargeable to Salaries Tax. You should complete Part 8.1 and Married Person's Allowance will be given to you automatically. Refer to Part 8.1 on page 9 for further details.
- A married couple electing for Joint Assessment are still required to complete their returns which they received. You and your spouse must sign in Part 9 on both returns to indicate that you both agree to elect for joint assessment.

Part 5 Profits Tax

- Sole proprietorship businesses [whether the business(es) had any activities or not] are to be reported in this Part. If you had more than two sole proprietorship businesses, supply details in the same format on a separate sheet. [See Section (B) on Page 1]
- Complete items (1) and (2) and enter '0' in items (3) to (9) for sole proprietorship businesses which were dormant or had already ceased business for the whole year.
- Partnerships of which you were a partner or sole proprietorship businesses which had changed to partnerships and vice versa during the year need not be reported in this return. Separate Profits Tax returns will be issued to the partnerships.
- Corporations of which you were a shareholder need not be reported in this return. Separate Profits Tax returns will be issued to the corporations.
- Please declare the profits / (losses) from the businesses, trades or professions for the basis period. 'Basis period' means either the year ended 31 March during the relevant year of assessment or the accounting period ending on a day within the relevant year of assessment.

Completion of items in Part 5

- Gross income means all types of income, including ordinary business income, proceeds from sale of capital assets and other non-taxable receipts, whether or not derived from the principal activities. (boxes 36 & 44)
- Turnover includes amounts received / receivable from goods sold or services rendered. (boxes 37 & 45)
- Gross profit / (loss) is the amount of turnover after deducting cost of goods sold. For a business not involving sale of goods, enter '0' for this item. (boxes 38 & 46)
- Assessable profits / (Adjusted losses) must be computed in accordance with the Inland Revenue Ordinance. Add non-deductible expenses charged in the accounts to the net profit per account or deduct from the net loss to arrive at the assessable profits / (adjusted losses). Salaries paid to, benefits received by the proprietor or his / her spouse, proprietor's domestic or private expenditure, capital expenditure and non-business expenses are not deductible. For more details, refer to 'Related Tax Rules'. See the front cover of this Guide Book on how to obtain a copy. (boxes 40 & 48)
- You may use the PROFORMA PROFITS TAX COMPUTATION FORM [IR957A(e)] and attach it to your return. Each business should have a separate computation. See the front cover of this Guide Book on how to obtain a copy.

Attention: Election for Personal Assessment may reduce your tax liability.

Documents and Information to be Submitted in Part 5

- (a) For each business with **gross income not exceeding \$2,000,000** for the basis period:
Supporting documents listed in (b) below need not be submitted with the return. However, you **must** complete the return in accordance with the supporting documents. Retain these documents as you may be required to submit them later.
- (b) For each business with **gross income over \$2,000,000** for the basis period, provide:
 - (i) A certified copy of the Statement of Financial Position / Balance Sheet and Statement of Comprehensive Income / Profit and Loss Account for the basis period;
 - (ii) A tax computation with supporting schedules showing how the amount of assessable profits / (adjusted losses) has been arrived at;
 - (iii) A Realization Statement if the business ceased during the year. If the business was transferred to and carried on by another person, provide the name under which the business is carried on by the transferee;
 - (iv) In respect of interest paid, the names and addresses of the recipients together with the purpose for which the money was borrowed and any security provided to the lenders;
 - (v) A list of all new capital items (e.g. plant and machinery, vehicles, furniture and buildings) purchased during the basis period, the date of purchase and purchase price of each item. For items acquired under hire purchase agreements, state the purchase price and the number and amount of instalments paid, excluding interest;
 - (vi) Changes in the method of valuation of opening or closing inventories or work in progress if applicable;
 - (vii) A list of properties rented. For each property rented, state full name and address of the landlord or recipient of rent paid, the exact location of the property, the total rent paid and the period covered;
 - (viii) Payments made to contractors and / or subcontractors and commission paid showing the amount, full name and address of the recipients and I.C. numbers or business registration numbers if available. [The information can be supplied in Form IR56M which is available from this Department on written request by quoting the business registration number of your business(es).]
- (c) Sufficient records must be kept for each business and retained for at least 7 years after the date of the transaction to which they relate.

Part 5A Deemed Assessable Profits under section 20AE of the Inland Revenue Ordinance

- If a non-resident person's assessable profits are exempt from tax under section 20AC of the Inland Revenue Ordinance, and if the non-resident person is your associate or you, alone or jointly with your associate(s), hold 30% or more of beneficial interest in the non-resident person, you are required to '✓' in box 50b and declare the deemed assessable profits in Section 6 of the Appendix. See Schedule 15 of the Inland Revenue Ordinance in calculating the deemed assessable profits and 'Related Tax Rules' in the Department's web site for details.

Part 6 Personal Assessment

- Under Personal Assessment, your / your and your spouse's incomes from all sources are aggregated to compute tax liability. Personal Assessment may reduce your tax liability. However, if you and your spouse have employment income only, there is no need to elect for Personal Assessment as it cannot reduce your and your spouse's tax liability.
- The elector must be of or above the age of 18, or under the age of 18 and both his / her parents are dead. He / She or his / her spouse, if married, is either a permanent or temporary resident in Hong Kong. ('Permanent resident' means an individual who ordinarily resides in Hong Kong. 'Temporary resident' means an individual who stays in Hong Kong for more than 180 days during the year of assessment in respect of which the election is made or for more than 300 days in 2 consecutive years of assessment one of which is the year of assessment in respect of which the election is made.)
- You must complete this part even though you and / or your spouse have / has made the election for Personal Assessment in other Profits Tax returns or Property Tax returns.

Part 7 Deduction for Interest Payments

7.2 Claim for Deduction for Interest Payments to Produce Rental Income from Properties

- **If you have elected for Personal Assessment in Part 6**, you may claim deduction of interest paid by you during the year in respect of a loan obtained for the purpose of acquiring a solely or jointly owned property in Hong Kong which was let.
- Fill in your share of interest paid. Your share of interest must be proportional to the number of joint tenants / share of your ownership. Amount allowed for deduction will not exceed the net assessable value of each individual property as proportionately reduced.
- Interest payments relating to periods when the property was not let (e.g. occupation as residence for your own family or vacant) are not deductible.

7.3 Claim for Deduction for Home Loan Interest

- You may claim deduction of interest paid by you in respect of a loan obtained for the purpose of acquiring a property in Hong Kong which was used by you as your place of residence, provided that the loan was secured by a mortgage or charge and the lending institution providing the loan to you was an approved one.
- Fill in your share of interest paid. Your share of interest must be proportional to the number of joint tenants / share of your ownership. Amount allowed for deduction will be restricted to the prescribed ceiling as proportionately reduced.
- This deduction can be claimed under Salaries Tax or Personal Assessment. It is granted to each person for 10 years of assessment, whether consecutively or not.
- Ownership of a property is by reference to the registered owners of the property as shown in the record of the Land Registry.
- Spouse nomination: Your spouse who is entitled to a deduction for home loan interest but has no income chargeable to tax, may nominate you to claim the deduction, see examples under Scenario 2 and Scenario 3. If your spouse has income from employment, property, trade, profession or business chargeable to tax, he / she should not make the nomination but to elect for Joint Assessment or Personal Assessment, see example under Scenario 4.

• Examples to show how Parts 7.2 and 7.3 are to be completed

• Scenario 1: You have 2 solely-owned properties, Property A and Property B. Property A was used as a residence for the full year and the Property B was let for rental income also for the full year. Property A was subject to a re-mortgaged loan.

Total interest paid by you:

Property A (1/4/2011 – 31/3/2012) = \$142,500 (See example in Part 7.4 for calculation of deductible interest \$120,000.)

Property B (1/4/2011 – 31/3/2012) = \$240,000

• Scenario 2: You have income chargeable to tax. Property A is owned by your spouse and used by the family as residence. Your spouse does not have income chargeable to tax and wishes to nominate you to claim interest deduction.

Total interest paid by your spouse:

Property A (1/4/2011 – 31/3/2012) = \$120,000

- ♦Scenario 3: You and your spouse jointly own Property A for use as the family residence. Your spouse does not have income chargeable to tax and wishes to nominate you to claim his / her share of interest.

Total interest paid by you and your spouse:

Property A (1/4/2011 – 31/3/2012) = \$120,000 (share per person, \$60,000)

- ♦Scenario 4: You and your spouse jointly own Property A and Property B, which were used at different periods as the family residence. Your spouse has income chargeable to tax.

Total interest paid by you and your spouse:

Property A (1/4/2011 – 30/6/2011) = \$30,000 (share per person, \$15,000)

Property B (1/7/2011 – 31/3/2012) = \$180,000 (share per person, \$90,000)

Parts 7.1, 7.2 and 7.3 should be completed as:

Part	Scenario	1		2	3	4	
7.1(1)	Location of Property	Pty A	Pty B	Pty A	Pty A	Pty A	Pty B
7.1(2)	Secured by a mortgage or charge	✓	✓	✓	✓	✓	✓
7.1(3)	A re-mortgaged loan is involved	Yes					
7.1(4)	My share of ownership	100%	100%	0%	50%	50%	50%
7.2	My share of interest payments to produce the rental income		240,000				
7.3(1)(i)	Total home loan interest payments	142,500		120,000	120,000	30,000	180,000
7.3(1)(ii)	My share of home loan interest payments	142,500			60,000	15,000	90,000
7.3(2)(i)	Nominated by spouse to claim deduction			Yes	Yes		
7.3(2)(ii)	My spouse's share of ownership	Not Applicable	Not Applicable	100%	50%	Not Applicable	Not Applicable
7.3(2)(iii)	My spouse's share of home loan interest payments			120,000	60,000		
7.3(3)	Property was occupied as my residence for FULL YEAR	✓	(Blank)	✓	✓	(Blank)	(Blank)

In Scenario 1 under Part 7.3, you had re-mortgaged the Property A to ABC Bank on 1/7/2011 to obtain a new loan of \$2.5 million. At that date, the unpaid balance of the old loan was \$2 million. The total mortgage interest paid during the year was:

1/4/2011 – 30/6/2011 = \$30,000 on old loan

1/7/2011 – 31/3/2012 = \$112,500 on new loan

Calculation of the allowable interest: $\$30,000 + \$112,500 \times \frac{2,000,000}{2,500,000} = \$120,000$ *

* restricted to the ceiling (please refer to the yearly maximum limits printed overleaf at the Appendix to BIR60)

7.4 Interest Payments Involving Re-mortgaged Loan

Part 7.4 should be completed as:

7.4(1)	Name of lending institution for the re-mortgaged loan	ABC Bank
7.4(2)	Amount of the re-mortgaged loan	\$2,500,000
7.4(3)	Interest paid for the re-mortgaged loan in the year	\$112,500
7.4(4)	Period covered by the interest in item 7.4(3) above	1/7/2011 to 31/3/2012
7.4(5)	Date of redemption of the previous mortgaged loan	30/6/2011
7.4(6)	Balance of the previous mortgaged loan redeemed	\$2,000,000
7.4(7)	Interest paid for the previous mortgaged loan in the year	\$30,000
7.4(8)	Period covered by the interest in item 7.4(7) above	1/4/2011 to 30/6/2011

Part 8 Allowances and Elderly Residential Care Expenses

8.1 Married Person's Allowance

- If you were married and your spouse did not have any income chargeable to Salaries Tax during the year, you will be granted Married Person's Allowance under Salaries Tax. Please tick box **79** and you need not complete Part 4.4.
- If you have elected for joint assessment under Salaries Tax in Part 4.4 and / or Personal Assessment in Part 6, you will also be granted Married Person's Allowance.
- If you were living apart but had not divorced from your spouse (who did not have any income chargeable to Salaries Tax) and you maintained him / her, tick box **80** and state the amount of maintenance fees paid by you during the year.

8.2 Child Allowance and Dependent Brother or Dependent Sister Allowance

- You may claim allowance in respect of an unmarried child / brother / sister if you or your spouse at any time during the year maintained the child or were responsible, on an ongoing basis, for the provision of daily care and supervision for the brother / sister provided that the child / brother / sister was:
 - under the age of 18 years; or
 - of or over the age of 18 but under 25 and receiving full time education; or
 - of or over the age of 18 and incapacitated for work by reason of physical or mental disability.
- With effect from the year of assessment 2007/08, an additional one-off Child Allowance will be granted in the year the child was born.
- If you and your spouse both have income chargeable to Salaries Tax, **all Child Allowances must be claimed by either one of you**. The spouse who is nominated to claim the Child Allowance should make the claim for Child Allowance in this part.
- **Only one individual can be granted the Child Allowance or the Dependent Brother / Sister Allowance in respect of the same person.**

8.3 Single Parent Allowance

- If, throughout the year, you were single, divorced, widowed, married but living apart from your spouse, and were responsible, on an ongoing basis, for the provision of daily care and supervision for a child, you may claim Single Parent Allowance provided that you were entitled to be granted Child Allowance in respect of that child.
- You are not entitled to Single Parent Allowance merely by making financial contribution towards the maintenance and education of your child / children.

8.4 Dependent Parent and Dependent Grandparent Allowance and Elderly Residential Care Expenses

- You may claim allowance in respect of each dependent parent / grandparent maintained by you / your spouse, not being a spouse living apart from you, during the year provided that the dependant must at any time during the year be:
 - ordinarily resident in Hong Kong, which means that the dependant must be habitually and normally resident in Hong Kong. To determine whether a dependant is ordinarily resident in Hong Kong, the Department may consider objective factors including: (i) the number of days he / she stayed in Hong Kong; (ii) whether he / she has a permanent dwelling in Hong Kong; (iii) whether he / she owns a property for residence outside Hong Kong; (iv) whether he / she works or carries out a business in Hong Kong; (v) whether his / her relatives are mainly residing in Hong Kong;
 - aged 55 or more, or eligible to claim an allowance under the Government's Disability Allowance Scheme; and
 - resided with you / your spouse, without paying full cost, for a continuous period of not less than 6 months or have received from you / your spouse not less than \$12,000 in money towards his / her maintenance.
- If the dependent parent / grandparent resided with you **continuously throughout the whole year** without paying full cost, you are also entitled to Additional Dependent Parent / Grandparent Allowance.
- If the dependent parent / grandparent **was aged 60 or over**, or eligible to claim an allowance under the Government's Disability Allowance Scheme **during the year** and resided at a residential care home, **you may choose to claim deduction of Elderly Residential Care Expenses that were paid by you / your spouse instead of Dependent Parent / Grandparent Allowance**. If you claim both the Dependent Parent / Grandparent Allowance and deduction of Elderly Residential Care Expenses in respect of the same dependant, only the deduction for Elderly Residential Care Expenses will be allowed.
- Deduction for Elderly Residential Care Expenses is limited to the amount of related residential care expenses paid by you / your spouse. Any amount subsequently reimbursed by any person or organisation should be excluded.
- **Only one individual can be granted the Dependent Parent / Grandparent Allowance or the Elderly Residential Care Expenses in respect of the same person.**

Disabled Dependant Allowance

If you are granted Married Person's, Child, Dependent Brother / Sister, Dependent Parent / Grandparent Allowances or allowed deduction for Elderly Residential Care Expenses in respect of a dependant who is eligible to claim an allowance under the Government's Disability Allowance Scheme during the year, you are also entitled to claim a Disabled Dependant Allowance in respect of that disabled dependant. Please tick appropriate box(es) in Parts 8.1, 8.2 and / or 8.4.

Attention: For claims of the above allowances and / or Elderly Residential Care Expenses, the Department may verify the information with the Social Welfare Department.

Part 9 Declaration

Heavy penalties may be incurred for making an incorrect return or committing other offences.

OFFENCES AND PENALTIES

- The Inland Revenue Ordinance provides heavy penalties for any person who:
 - fails to comply with the requirements of a notice to make a return without reasonable excuse;
 - makes an incorrect return without reasonable excuse;
 - makes a false return with fraudulent intent to evade tax;
 - fails to give notice of a change or cessation of employment without reasonable excuse;
 - fails to notify a change of address without reasonable excuse;
 - fails to keep sufficient records of business income and expenditure without reasonable excuse (maximum fine \$100,000);
 - fails to give notice of the cessation of a trade, profession or business without reasonable excuse;
 - fails to give notice of cessation of ownership of a property without reasonable excuse; or
 - fails to keep sufficient records of rental income of property without reasonable excuse.
- **EVASION OF TAX IS A CRIMINAL OFFENCE. THE MAXIMUM PENALTY** is a fine of \$50,000 PLUS a further fine of 3 times the amount of tax undercharged and imprisonment for 3 years.

Regarding incorrect return cases in which income has been omitted or understated, the Commissioner or a Deputy Commissioner may, instead of prosecuting, make an assessment of additional tax under section 82A of the Inland Revenue Ordinance. The maximum amount of additional tax provided by law is 3 times the tax that has been undercharged or would have been undercharged if the return had been accepted as correct. For omission or understatement of income under Salaries Tax, Property Tax or Personal Assessment, it is the normal practice to assess, in first offence cases, additional tax of about 10% of the tax that has been undercharged or would have been undercharged. For omission or understatement of income subject to Profits Tax and in all cases where investigation or field audit has been conducted, generally a higher level of additional tax is assessed.

PART 9 DECLARATION	
I declare that the information given in this return, its Appendix (if applicable) and any other documents attached is true, correct and complete.	
Date <u>20 May 2012</u>	Signature <u>T. M. Chan</u>
<div style="border: 1px solid black; padding: 2px;"><small>IF YOU WERE MARRIED FOR ALL OR PART OF THE YEAR AND (1) HAVE ELECTED FOR JOINT ASSESSMENT (in Part 4.4)/PERSONAL ASSESSMENT (in Part 6), OR (2) HAVE BEEN NOMINATED BY YOUR SPOUSE TO CLAIM HOME LOAN INTEREST DEDUCTION (in Part 7.3), YOUR SPOUSE MUST SIGN HERE TO INDICATE AGREEMENT.</small></div>	Spouse's Signature <u>Lee Siuling</u>
[Heavy penalties may be incurred for making an incorrect return or committing other offences - See Part 9 of the Guide]	

Please put down the date on which you complete the return and sign the declaration.

You must sign here to make the declaration. #

Do not forget to ask your spouse to sign here if the conditions stated in the green box are applicable to you. #

If you are unable to write, the affixing of a name-chop, thumbprint or mark as your signature will be accepted, provided that it is witnessed by a person who is aged 18 or over. The witness must sign, state his / her name and Identity Card number beside the signature to evidence that the return is signed by you.

Appendix to BIR60

Section 2 Application for a Lump Sum Included under Part 4.1 of BIR60 to be Related Back

Please refer to the example in Part 4.1 on page 3 of this Guide.

Section 2 APPLICATION FOR A LUMP SUM INCLUDED UNDER PART 4.1 OF BIR60 TO BE RELATED BACK					
Name of employer	Nature of payment	Amount (\$)	Period to which payment relates	Date received Day /Month/Year	Amount to be related back to previous year(s) (\$)
<i>Company A</i>	<i>Contract gratuity</i>	<i>150,000</i>	<i>1/1/2009 – 30/6/2011</i>	<i>30/6/2011</i>	<i>131,250</i>

This amount should have been included in Box 22 and should be stated in Box 24 in Part 4.1 of BIR60.

This amount should be stated in Box 26 in Part 4.1 of BIR60.

Section 3 Relief claimed under Comprehensive Double Taxation Arrangement(s)

Tax relief is available only for countries / territories with which Hong Kong has a Comprehensive Double Taxation Arrangement. List of the countries / territories is available at www.ird.gov.hk/eng/tax/dta_inc.htm.

Section 4 Application for Full / Partial Exemption of Income Included under Part 4.1 of BIR60

You may apply for full or partial exemption from salaries tax in any of the following situations:

- If you hold a non-Hong Kong employment, you will only be chargeable in respect of income derived from services rendered in Hong Kong per section 8(1A)(a).
- If you rendered all services outside Hong Kong during the year, your income is excluded from charge per section 8(1A)(b)(ii).
- If you have paid tax of substantially the same nature as Hong Kong salaries tax to a territory outside Hong Kong in respect of income derived from services rendered in that territory, the relevant income is excluded from charge per section 8(1A)(c).
- If your income is derived from being a member of the crew of a ship or an aircraft and your presence in Hong Kong is not more than 60 days in the year and 120 days in two consecutive years, one of which being the current year, your income will be exempted from tax per section 8(2)(j).
- By provisions in the Inland Revenue Ordinance, your income is specifically exempted, e.g. those under section 8(2) or section 87, etc.

If full or partial exemption is claimed, you must provide (i) detailed computation of the exempted amount and (ii) full itinerary of dates in Hong Kong and outside Hong Kong. For section 8(1A)(c) claim, you have to submit copies of the tax receipts in support of tax paid outside Hong Kong.

For all claims, taxpayers will be required to provide full facts in support.

Section 5 Notification of Transactions for / with Non-resident Persons

Where you have, as agent, received on behalf of a non-resident person any other trade or business income arising in or derived from Hong Kong, you will be asked to give further details of the agency. Where sums are paid or accrued to a non-resident person in respect of professional services rendered, wholly or partly, in Hong Kong, you must state the name and address of each recipient, together with the full amount and the nature of the payment in a supporting schedule.